GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:751
ANSWERED ON:12.07.2004
REFORM IN FP SECTOR
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the Government propose to bring reforms in the Food Processing Sector in the country particularly in Jammu and Kashmir;

(b) if so, the details thereof;

(c) the incentive to be provided to this industry including quality improvement, credit package and exemption from taxes; and

(d) the measures to be taken to increase competitiveness and market their produce to get maximum returns?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) to (d): 1. Exemption from Central Excise has already been granted for processed products of fruits and vegetables. In the Union Budget 2004-05 presented before Parliament on 8th July 2004, Government has since announced following additional measures to be taken for promotion of upcoming agro processing units:

(i) Allow under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables.

(ii) Present excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries.

(iii) Excise duty on meat, poultry and fish has been reduced from 16% to 8%.

(iv) Excise duty on food grade hexane used in edible oil has been reduced from 32% to 16%.

2. Plan schemes have already been formulated to provide financial assistance for establishment and modernization of food processing units, creation of infrastructure, support for R&D, quality improvement, human resource development besides other promotional measures to encourage development of food processing industries. Backward and forward linkages schemes have been implemented to improve viability of food processing units and ensure better returns to the farmers. J&K is already being treated as a difficult area and grant for project based assistance in food processing sector is provided at enhanced rate @ 33.33% of the project cost subject to maximum of Rs. 75 lakh as against 25% subject to maximum of Rs. 50 lakh in general areas. The Scheme of Mini Mission IV, under horticulture mission which provides grant @ 50% of the project cost subject to maximum of Rs. 4.00 crore has also been extended to J&K.